

Follow-up Announcement: CMS Posts Q&A on Rebates and RDS

A plan sponsor that qualifies for the retiree drug subsidy will receive 28% of allowable retiree costs (ARC) for each qualifying covered retiree. The computation of ARC requires the subtraction of rebates and similar price concessions. CMS has posted a Q&A (ID Number 5775) in its online Questions & Issues Database regarding how rebates received by a plan sponsor should be allocated to each qualifying covered retiree for the purpose of determining the amount of his or her ARC. This and other Q&As regarding the retiree drug subsidy can be accessed via the Retiree Drug Subsidy (RDS) Center Website <<http://rds.cms.hhs.gov/>> by clicking on the FAQ link at the top of the page.